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The Department of External Affairs  
The Central Agency Revisited

Over two years have passed since I issued Circular Document Admin. No. 56/78 explaining the central agency concept and its implications for the Department of External Affairs. That document stands up well, I think, but there have been some developments in recent months which throw a new light on the Department as a central agency in action. On February 12, 1981 I explored this question at an open forum with members of the Department in Ottawa and now enclose for your information a slightly edited transcript of my remarks.

2. I am more convinced than ever that External Affairs must act as a central agency if it is to realize its full potential and provide the kind of advice and service the Government has a right to expect. As I acknowledged at the open forum, the record of achievement is good. But I am sure that we can do better, and that depends on all of us.

*a e Sotl-S*

Under-Secretary of State  
for External Affairs

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THE CENTRAL AGENCY REVISITED

TALK BY THE UNDER-SECRETARY

Thursday, February 12, 1981

When I returned to External Affairs in 1977, after an absence of some 7-8 years, I was already convinced that the Department of External Affairs was a central agency of Government. My feelings about that had been very strongly developed when I was outside the Department and had seen it at work from there, and it was that perspective that I brought with me when I came back to this Department. External Affairs, like other central agencies, clearly has a mandate and a responsibility to provide advice to the Government across the broad range of national policies and programs. Its uniqueness springs from its primary responsibility to provide this advice and guidance in the area of international affairs. In that sense, it does have a unique role.

In the early days after my return I spoke frequently about External Affairs as a central agency. I issued a Circular Document about it that I prepared under the guidance of the Secretary of State for External Affairs and with the concurrence of the Privy Council Office, and I gave a public lecture about it at the University of Toronto a little over two years ago. I think I realized then, and I certainly realize now, that declaring the Department of External Affairs a central agency does not automatically, nor necessarily, make it one - that exhortation is not enough. There comes a time when people want proof that the reality coincides with the theory.

I shall not try to encompass in my comments to-day some of the reactions to the central agency statement from members of the academic community, but there were a few and, on the whole, they were sceptical. The basic thrust of their views was that central agencies are judged by what they do, not by what we say they do. In any event, my reason for reverting to this subject is not to reestablish the philosophical and historical foundations of the central agency theory, although my remarks may shore them up. Frankly, I don't think it is necessary to lay the foundations again because I think the case is overwhelming if not undisputed as a concept. What I want to look at, therefore, is what has happened in the last year or so, and to provide some analysis and examples of the central agency in action.

But notwithstanding the additional element of support offered by the Interdepartmental Secretariat, as well as, traditionally, by the PCO, there is certainly no doubt in my mind that, in terms of human resources and accumulated experience, the Department of External Affairs remains in the strongest position to provide the kind of support required if it has the will, the imagination and other necessary qualities to do so.

Of course, when we support the Minister, we are effectively supporting the Prime Minister in the sense that the best possible advice is going forward through the Cabinet system to the Head of Government in those major areas of particular concern and interest to him. A good example of the kind of support the Department can provide is to be found in the arrangements that have been made to prepare for the Economic Summit of the industrialized countries, of which the Prime Minister will be host and Chairman, and which will take place in July in Ottawa. In recognition of the special and particularly heavy responsibilities placed on the Prime Minister personally, there is an Executive Steering Committee for the Summit that is chaired by the Secretary to the Cabinet and includes myself as Under-Secretary of State for External Affairs as well as the Deputy Minister of Finance. Its purpose is to provide general guidance throughout the preparatory period.

Reporting to the Steering Committee, and responsible for the basic preparatory, supervisory and planning work on the substantive and administrative aspects of the Summit is an Interdepartmental Planning and Preparations Committee (PCC) which will meet with increasing regularity at the deputy minister level as the Summit approaches. The chairmanship of that Committee is entrusted to the Under-Secretary of State for External Affairs, who has also been designated Personal Representative of the Prime Minister for the Summit. As Deputy Personal Representative, Mr. Larry Smith, an Assistant Under-Secretary, is engaged full time, with the assistance of an interdepartmental team of officials, in ensuring that all substantive aspects of the preparations are dealt with in a timely and effective fashion. Beyond that, Derek Burney of this Department has been named Summit Administrator reporting to the Preparatory and Planning Committee; he is engaged full time as head of the support group looking after all physical and administrative arrangements for the Summit.

Now the new structure undoubtedly opens up to other departments and agencies greater possibilities and, I believe, very important and welcome opportunities, of bringing their views to bear on the development of policies in the foreign, aid, and defence policy sector than have existed heretofore. In that sense, External Affairs' views and attitudes and recommendations do and will come under greater scrutiny from outside and can be influenced accordingly. But the new structure also provides new opportunities for coordination and leadership, particularly through the actions and advice of the individual officers of External Affairs directly concerned. They, like those officers involved with the Economic Summit, must think and act in terms of the Government's interests as a whole and not just of one department. They must try and take such an approach towards all issues dealt with in the sector -- an overall sectoral approach -- and bear in mind that perspective at all times. In terms of consultation and the reconciliation of conflicting viewpoints, External Affairs must set an example, not only because its traditional diplomatic role has conditioned it to do this but because the new interdepartmental system actually requires it.

The substantive aspect of these new opportunities is very important. Those who would lead need not be specialists but they must be knowledgeable. The ideal is a generalist who, given the inclination and the time, has thoroughly mastered the essentials of subjects of wide interdepartmental and government interest.

The current preoccupation with the North-South Dialogue, from the Prime Minister on down, gives a very good illustration of what I mean. As we prepare for a possible North-South Summit, as we prepare for the Economic Summit and for a Commonwealth Heads of Government Meeting, all of which involve a enormous amount of energy, time and briefing, and a heavy round of preliminary meetings, it is crucial that the officers of External Affairs be able to deal in a highly intelligent and effective way with all the subjects embraced in the term North-South Dialogue. Leadership in a substantive sense must mean convincing others that we know what we're talking about and can do more than initiate a discussion -- that we can see it through, that we can lead and interrelate the parts.

play a helpful role, or provide a great deal of coherence or leadership unless it has within it some significant analytical capacity to deal with economic issues. That doesn't mean revising a telegram to make sure the thing is coherent, nor does it mean applying the "n'th" degree of savvy in how to put an argument across, or to second-guess the nuances of the responses likely to be achieved by others. Those are all very important qualities but without the analytical capacity to get at the guts of the issues - issues that are among the most difficult and intractable ones the international community has to face - External Affairs will be largely play-acting in any role it seeks to undertake as a central agency. Whether or not we see the launching of Global Negotiations within the next six months, I've no doubt that this kind of discussion and negotiation will take place within one fora or more and that we may see over a period of years, perhaps decades, major discussions of a highly political and highly technical character in the international community - the Law of the Sea, so to speak, writ large 100 times. So, an approach to the North-South dialogue so-called must not only integrate the economic factors and be based on the knowledge of all the various components that are part of that dialogue, but of course they have to be knit into a political framework in the broadest sense. As I have said, I don't think anybody besides this Department can play that role. Whether it will do so effectively remains to be seen.

While talking about leadership as part of the central agency role in the policy field, I must say a word about bilateral relations. There, I think you'll be aware from the speech that Dr. MacGuigan gave a while back, and also from your work in the various branches and from a speech that I had the opportunity to give a few days ago in Montreal, that a great deal of the thrust of our foreign policy is to advocate and insist on coherence in our bilateral relations -- recognizing that the successful attainment of objectives at the bilateral level requires a philosophy and policy of bilateralism. This in turn means that our policies towards particular countries have to be long term, coherent and consistent and that they have to embrace the activities of all government departments; they have to be managed. That is an exceptionally difficult task. You can't woo a country one day and insult it the next, if you expect to get any results. You can't pursue one objective one day and an opposite objective another day and expect to get results. You can't

One significant change that has been made is the reintroduction of the concept or the role of an Associate Under-Secretary of State for External Affairs. I don't know if I've had a chance to talk to you about that, but the concept is really very very simple: the Under-Secretary is a two-headed monster, not just a one-headed monster! We have the same responsibilities; we don't have any separate functions -- anything I can do, he can do better and anything he can do, I can do better. We do the same things. That concept, I think, is inherently to be found in the notion of a ministry with a spectrum of responsibilities as broad as our own.

Also I have organized around five Deputy Under-Secretaries a new level of line authority which was introduced at Headquarters in the summer of 1977, and which followed the pattern of the structure in the Privy Council Office and the Treasury Board. I think this level of authority has proven itself useful in practice, corresponding as it does to the five major sectors of departmental operations - political; economic; management; security and intelligence; coordination, information, cultural and consular affairs. Within each sector there exists a clear focus for both day-to-day operations and policy formulation and implementation.

The five senior officials responsible for the five sectors are not only visible centres of authority, they are sufficiently senior to chair meetings of very high ranking officials from other departments; they sit, some of them, as the chairmen of the second level committees in the Cabinet Committee policy structure; they can attend as senior advisers to the Minister in Cabinet Committee, and indeed appear in Parliamentary Committees. As I mentioned, all of them have important chairmanship responsibilities and, as time passes, I believe that the Deputy Under-Secretaries are gaining an authority that enhances the credibility of the new system as well as the leadership role of External Affairs. They can, fortunately, operate virtually independently without any supervision by myself or the Associate Under-Secretary.

I did, as you know, introduce some further changes in October. I had concluded that the concept of the Assistant Under-Secretary as a senior "staff" officer and trouble shooter without continuous line authority was unevenly applied in practice, and that the existence of this ad hoc level of authority was creating frustration

all that happens at his post. He is the boss; there is no way out for him. The External Affairs central agency role here was to bring about consensus on this among the Departments most directly concerned. And I take particular satisfaction from the fact that the key circular document on the operations of the Head of Post was not only approved but signed by the five deputy ministers with the greatest stake in foreign operations.

The Head of Post's authority, and specifically his ability to meet post objectives, will be further enhanced by consolidation of the foreign service. Its implementation will give him greater flexibility in the allocation of resources to meet pressing needs and to derive the fullest advantage from the contribution which his staff can make.

The increased authority and accountability of the Head of Post carries with it a need for a more comprehensive and equitable appraisal of the performance of all Heads of Post. A system for appraisal of Heads of Post performance on this basis, and in a manner meeting interdepartmentally agreed criteria and standards, is firmly in place. He, or she, is now rated by the deputy heads of the departments with foreign programs, under my chairmanship, because the Head of Post is accountable to each and all of us for his activities. Of course there is still much work to be done in terms of getting adequate substantiation of commentaries on Heads of Post performance so that the fairest possible assessment is made of each Head of Post individually, as well as in relation to all others. But progress is being made, and the process is of crucial importance if authority and accountability are to go hand in hand. Let there be no mistake about it, without evaluation there will be no accountability; and without accountability there will be no authority.

A new strengthened interdepartmental inspection service has been in operation for over a year. Its task is not an easy one since Government departments, including External Affairs, do not always welcome some of the suggestions Inspectors make, while posts may react defensively. But in the long run an interdepartmental inspection service must be a positive force strengthening the operations of posts through constructive recommendations, and thus enabling the Head of Post to meet his or her responsibilities more effectively.

Question:

I shall use the Summit to illustrate a question. The Summit is to focus on North-South questions and will therefore deal with subjects the responsibility for which lies elsewhere - monetary policy, for example. You have said that it is the role of External Affairs officers not simply to initiate discussions but to lead them and to be capable of bringing them to a conclusion so as to produce advice and guidance to the government. In a case such as the one I mentioned - monetary policy - can discussions lead to an adversary relationship between this Department and the Department of Finance where the degree of professionalism is high? If so, is tension of this kind good, bad or indifferent ... and why?

The Under-Secretary:

That's a very difficult question and I can try to provide clarification. Take that example: it is perfectly clear that the Department of Finance is the responsible agency of the Government for the International Monetary Fund and that nobody can, will or desires to challenge that; they are responsible for the International Monetary Fund whose function lies at the heart of the stabilization of international financial transactions. At the same time, the role of the Fund is crucial if the developing countries are going to be able to pay their energy bills; and if the developing countries are not able to pay their energy bills, they will not be able to develop; if they can't introduce adjustment policies that will tide them over the oil shocks, then the aid and development program goes up the flue. Every one of these areas, whether it's aid, trade, finance or energy, is interrelated with each other. The authority for them is spread out through the Government. But the management of the issues cannot be seen except in a broader context, and it is in that broader context that I think External Affairs has its primary role, - not that people at EMR or Finance would look at energy in a narrow context, but they are less likely to see the problem in the broader context of Canadian foreign policy. Therefore, the role of providing a framework and of interrelating requires not only recognition that that is the role, but it requires a lot of expertise. Implicit in that, there is the possibility of conflict. But if viewpoints are backward looking, there will be a lot of turf being exercised and no doubt there will be people in this and other departments who will say "that's our job, keep your hands off". But I think almost all the people that are dealing with these

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